

OPERATING RESERVES FUND

PROGRAM OVERVIEW

The Operating Reserves Fund is used to account for money set aside for the General Fund operating reserve, the building permit reserve, and the LEOFF 1 retiree reserve. According to financial policies, the City will maintain General Fund reserves at a level equal to 10% of General Fund revenues excluding the beginning fund balance, building permit revenue, and any significant one-time revenue. In the 2003-04 biennium, the Operating Reserve was lowered to 8.5% and will remain at this level in 2005-2006 pending the completion of the City's long-term strategic financial plan.

The building permit reserves are set aside to provide for completion of building permit responsibilities in the event of a decline in development activity and have been reduced from \$912,600 to \$412,600 or \$500,000 to more closely approximate the ongoing liability for permit inspections given the significant slowdown in development activity in the City.

The LEOFF 1 retiree reserve was transferred to this fund in 1998 and reflects the General Fund's liability associated with police officers and firefighters in the LEOFF 1 retirement system.

BUDGET OVERVIEW

REVENUES

	2001-2002 Actual	2003-2004 Budget	2003-2004 Estimate	2005-2006 Budget
Beginning fund balance	\$5,300,754	\$6,050,421	\$6,050,421	\$4,906,390
Transfers from General Fund	680,900	0	0	0
Transfers from Medical Self-Ins	68,767	0	64,271	140,000
TOTAL REVENUES	\$6,050,421	\$6,050,421	\$6,114,692	\$5,046,390

EXPENDITURES

	2001-2002 Actual	2003-2004 Budget	2003-2004 Estimate	2005-2006 Budget
Operating reserve	\$0	\$4,143,158	\$0	\$4,143,158 ¹
Operating reserve transfer to GF	0	537,069	537,069	0
Building permit reserve	0	912,600	500,000	412,600
LEOFF I retiree reserve	0	457,594	171,233	490,632
TOTAL EXPENDITURES	\$0	\$6,050,421	\$1,208,302	\$5,046,390

1. Reflects maintenance of operating reserve at 8.5% of General Fund Revenues.